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**LISA D. NORDSTROM**  
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February 25, 2015

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

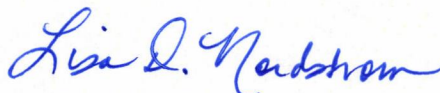
Re: Case No. IPC-E-13-16  
Selective Catalytic Reduction ("SCR") Controls on Jim Bridger Power Plant Units 3 and 4

Dear Ms. Jewell:

In Order No. 32929, the Idaho Public Utilities Commission ("Commission") directed Idaho Power Company ("Company") to submit quarterly reports updating the Commission on any changes to environmental policy or regulations until such time as the Jim Bridger Power Plant upgrades are installed and placed in service. The enclosed materials indicate that the Company still expects the SCRs on Units 3 and 4 will be placed in service by December 31, 2015, and December 31, 2016, respectively.

Please note that the attachment to this report is commercially sensitive and if disclosed freely could subject Idaho Power or its customers to risk of competitive disadvantage or other business injury. Consequently, the attachment will be provided separately to those parties that have signed the Protective Agreement in this matter. The undersigned attorney, in accordance with RP 233, certifies that this monthly report contains information that is a trade secret or privileged or confidential as described in Idaho Code § 9-340, et seq., and § 48-801, et seq., and as such is exempt from public inspection, examination, or copying.

Very truly yours,



Lisa D. Nordstrom

LDN:kkt  
Enclosures  
cc: Service List

**5<sup>th</sup> Quarterly Report for the Jim Bridger Plant**  
**Selective Catalytic Reduction Upgrade at Units 3 and 4**  
**February 27, 2015**

This quarterly report provides an update as to the current status of environmental policies or regulations that are relevant to the construction of the Selective Catalytic Reduction ("SCR") controls at the Jim Bridger Plant Units 3 and 4 ("Bridger Plant"), as well as a status update on the Idaho Power Company's ("Idaho Power" or "Company") efforts toward updating the Coal Unit Environmental Investment Analysis ("Coal Study"). This report also provides a construction progress update for the SCR installation project through February 7, 2015, and a schedule of major construction milestones. Finally, a summary of actual project costs and a forecast of total project costs as of December 31, 2014, is provided as a confidential attachment to this report.

**Environmental Regulations Update:**

**Clean Air Act Section 111(d) for Existing Power Plants**

On June 2, 2014, the Environmental Protection Agency ("EPA") released its draft proposal to regulate CO<sub>2</sub> emissions from existing power plants.

The final rule was expected to be released in June 2015 with a deadline of June 2016 for the states to issue their State Implementation Plans ("SIP"). However, on January 7, 2015, the EPA announced that the final rule will now be issued "mid-summer of 2015". In the meantime, the EPA has begun drafting a federal implementation plan ("FIP") to meet goals for cutting carbon pollution from existing power plants. States that do not submit plans would be subject to the compliance requirements of the FIP.

Based on the current schedule from the EPA, it is estimated that approval or disapproval, from the federal EPA of the SIPs will occur in the 2016-2018 timeframe.

While the Company does not know the extent to which the rule will affect the Bridger Plant, the Company is modeling a variety of CO<sub>2</sub> compliance scenarios in its 2015 Integrated Resource Plan ("IRP").

**Idaho Power's Coal Study Update:**

An update to the Coal Study for Jim Bridger Units 3 and 4 SCRs is in progress and will be included with the filing of the 2015 IRP. The results of the update will be discussed in the SCR quarterly report that will be submitted in September 2015.

**Construction Progress Update:**

The project to install the SCR controls at the Bridger Plant is moving forward as planned and is on schedule to meet the required completion dates. The following section provides a high level description of the construction activities since the last quarterly report (which provided an update through November 14, 2014).

The following are updates on projects that were included as part of the Engineering, Procurement and Construction contract ("EPC Contract") or individual projects identified as separate expense categories in the budget. As of February 7, 2015, 98.8 percent of the 2,585

tons of Unit 3 structural steel and 32.6 percent of the 3,031 tons of Unit 4 structural steel have been erected.

Both of the Unit 4 induced draft fan rotor forgings have arrived in the United States from China. Final fabrication and preassembly of the induced draft fan rotors are being completed in Pennsylvania and will be delivered to the Bridger Plant once complete.

The contractors continue to install the electrical work, cable installation, reactor piping, dilution air piping, and compressed air piping for Unit 3.

PacifiCorp received the Babcock & Wilcox proposal for the supply and installation of the structural reinforcement of the ElectroStatic Precipitator ("ESP"); ESP inlet and outlet flues; and ESP supports. After review of the proposal from Babcock & Wilcox, it was decided to issue the scope of work package for the ESP reinforcement to multiple bidders, for either verification of the pricing from Babcock & Wilcox or to award the work to another bidder. Bids were received on February 17, 2015, and are currently being reviewed by PacifiCorp.

Proposals for the Unit 3 and Unit 4 boiler and air preheater structural reinforcement were received. The SCR project team has made its technical evaluation and submitted the results to the Jim Bridger Plant management for input. Final decision or election of the boiler overhaul contractor has not yet been made.

The ammonia system piping acceptance test was completed on February 4, 2015. The test was successful and no issues were detected.

#### **Schedule:**

The project remains on schedule to comply with the required completion dates with the following major milestones remaining:

- Unit 4 SCR South Fan Foundation – Spring 2015
- Unit 3 Fall Outage Start – September 5, 2015
- Unit 3 Mechanical Completion – November 5, 2015
- Unit 3 Compliance deadline – December 31, 2015
- Unit 4 Fall Outage Start – September 3, 2016
- Unit 4 Mechanical Completion – November 3, 2016
- Unit 4 Compliance deadline – December 31, 2016

#### **Conclusion:**

The installation of SCR controls at the Bridger Plant remains on schedule and under budget. Based on what is known today, the SCR investments continue to be the most cost-effective means of ensuring that Units 3 and 4 comply with state and federal emissions regulations. Further, the Company continues to believe that the Bridger Plant SCR investments represent the lowest cost and least risk option for serving future customer demands.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 25<sup>th</sup> day of February 2015 I served a true and correct copy of the within 5<sup>th</sup> QUARTERLY REPORT FOR THE JIM BRIDGER SELECTIVE CATALYTIC REDUCTION UPGRADE AT UNITS 3 AND 4, upon the following named parties by the method indicated below, and addressed to the following:

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